

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up
With 640 Acres Pooling Provision

**PAID UP OIL AND GAS LEASE
(No Surface Use)**

THIS LEASE AGREEMENT is made this 29th day of July, 2009, by and between Halawa View Apartments, a Hawaii general partnership d/b/a Riverbend Properties, whose address is 2501 Grady Drive, Fort Worth, TX 76118, as Lessor, and **DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas, Texas 75201**, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

Being 2.846 acres of land located in the W.C. Trimble Survey, Abstract No. 1521, Tarrant County, Texas, being a portion of the tract of land described in the deed to the State of Texas, recorded in Volume 3603, Page 370, Deed Records, Tarrant County, Texas. Said 2.846 acres of land being more particularly described as follows:

BEGINNING at a 5/8" iron rod found in the West line of said State of Texas Tract and at the Southeast corner of Lot 1AR, Block 7, and the Northeast corner of Lot 1BR, Block 7, Newell & Newell Business Park, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat recorded in Volume 388-153, Page 15, Plat Records, Tarrant County, Texas;

THENCE N01°12'27"E, along said West line and the East line of said Lot 1AR, at a distance of 411 feet passing a "T" cut found in the center of Flagstone Drive, continuing along said West line in all a distance of 778.04 feet to a point in said West line;

THENCE S49°27'12"E, a distance of 199.96 feet to a point;

THENCE N40°32'43"E, a distance of 31.91 feet to a point;

THENCE S01°11'52"W, a distance of 675.92 feet to a point;

THENCE N88°48'08"W, a distance of 174.99 feet to the point of beginning, containing 2.846 acres of land.

The bearings recited hereon are oriented to NAD 27, Texas North Central Zone.

in the county of TARRANT, State of TEXAS, containing 2.846 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical

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component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

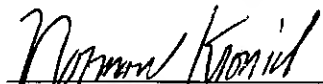
IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

See "ADDENDUM" attached hereto and by reference made a part hereof.

LESSOR (WHETHER ONE OR MORE)

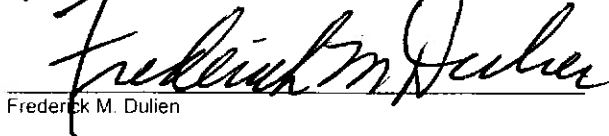
Halawa View Apartments, a Hawaii general partnership d/b/a Riverbend Properties

By: Norman M. Kronick, Trustee of the Norman M. Kronick 1981 Revocable Trust, General Partner



Norman Kronick

By: Frederick M. Dullen, Co-Trustee of the Ann Dullen Trust, General Partner



Frederick M. Dullen

ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF Tarrant

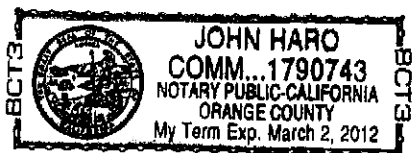
This instrument was acknowledged before me on the 28th day of July, 2009, by Norman M. Kronick, Trustee of the Norman M. Kronick 1981 Revocable Trust, as General Partner of Halawa View Apartments, a Hawaii general partnership d/b/a Riverbend Properties, on behalf of said partnership.



Sandra Knight
Notary Public, State of Texas
Notary's name (printed): Sandra Knight
Notary's commission expires: 2-13-2013

STATE OF CALIFORNIA
COUNTY OF ORANGE

This instrument was acknowledged before me on the 29th day of July, 2009, by Frederick M. Dulien, Co-Trustee of the Ann Dulien Trust, as General Partner of Halawa View Apartments, a Hawaii general partnership d/b/a Riverbend Properties, on behalf of said partnership.



John Haro
Notary Public, State of CA
Notary's name (printed): JOHN HARO
Notary's commission expires: MAR 2, 2012

ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease dated the 29th of July, 2009, by and between Halawa View Apartments, a Hawaii general partnership d/b/a Riverbend Properties, as Lessor, and Dale Property Services, LLC, as Lessee ("Lease"), to wit:

The following agreements and provisions supersede and govern the provisions in Paragraph 1 through 16 of this Lease.

11. References in this lease to "other minerals" shall be deemed to include, in addition to oil, gas and sulphur; only associated liquid or liquefiable hydrocarbons. This lease does not cover or include any other minerals, with all other minerals being reserved to Lessor.

12. Lessee shall have a duty to Lessor of utmost good faith and fair dealing to market, gather, transport, dispose of, and sell all oil, gas and other substances produced from the Land (including all products extracted therefrom) on Lessor's behalf at the best terms available for Lessor, even if those best terms are available only through a non-affiliate of Lessee. The Lessee shall pay Lessor a royalty of 1/4th (one-fourth) (the "Specified Interest") of 100% on the gross volume of any and all oil, gas and/or other hydrocarbons produced, saved and sold from the Land, including but not limited to the following:

(a) On oil and other hydrocarbons (including condensate) which are produced at the well in liquid form by ordinary production methods, the Specified Interest of that produced and saved from the Land, to be treated and delivered free of cost to the credit of Lessor into the pipeline to which wells may be connected or, at Lessor's option, to Lessor. All oil and liquid hydrocarbons shall be measured in tanks situated on the Land, and no liquid meters shall be used for measurement without Lessor's consent. Unless and until Lessor elects to take its production in kind, Lessee may from time to time purchase any royalty oil or liquid hydrocarbons in its possession, paying the market price prevailing in the field where produced on the date the oil is run or sold; or, if there is no posted price in the field, the average price for oil of like grade and gravity prevailing in the general area in which the Lands are located.

(b) On gas, including casinghead gas, and other vaporous or gaseous substances produced from the Land:

(1) In case Lessee shall itself (or through an affiliated company or in conjunction with others) use gas in the manufacture of gasoline or other petroleum products, the Specified Interest of the market value at the plant of the gasoline or other petroleum products manufactured or extracted therefrom and which are saved and marketed, after deducting a fair and reasonable cost for extracting or manufacturing the gasoline or other substances, and the Specified Interest of the residue gas sold or used by Lessee in operations not connected with the Land as determined according to Paragraph 12(b)(3) below. Prior to the sale or use of gas, Lessee shall install and thereafter use drip, separator or similar equipment on the flowline of each well capable of producing liquid hydrocarbons in commercial quantities, and no deduction for extraction costs shall be made for liquid hydrocarbons recovered through the use of that equipment.

(2) In the event Lessee sells gas for use in the manufacturing of gasoline or other petroleum products therefrom, the Specified Interest of the gross proceeds derived from the sale.

(3) In all other cases when gas is sold or used at, on or off the Land, the Specified Interest of the greater of (a) the market value at the point of delivery or first sale of such gas or (b) the gross proceeds at the point of delivery or first sale received by Lessee for such gas.

(4) Except as provided below, the market value of gas shall be the amount realized by Lessee from the sale thereof, computed at the point of delivery or first sale. Where Lessee (or an affiliated entity) is the purchaser of the gas, the market value shall not be less than the average of the three highest prices paid from time to time for gas of comparable quality by other purchasers in the general area of the Land. Lessee covenants and agrees to use reasonable diligence to obtain the highest possible price available for minerals capable of being produced from the Land, but Lessee shall not be obligated to market gas upon terms unacceptable to Lessee. Lessor has the right, at its sole risk and expense, to receive in kind Lessor's Specified Interest of production from the Land. Upon Lessor's request, Lessee shall provide to Lessor a complete copy of each gas contract covering the sale of Lessor's portion of the gas produced from the Land.

(5) Lessor's royalty shall not be charged, directly or indirectly, with any of the expenses of production, gathering, dehydration, compression, transportation, processing, treating, or marketing the oil and gas produced from the Land, and all of such costs shall be considered costs of production and not post-productions costs. It is the intent of the parties that the foregoing provision of this paragraph 15(b)(5) are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources vs. Nationsbank*, 939 S.W.2d 118 (Tex. 1997).

(6) In the event Lessee enters into a gas purchase contract which contains what is commonly referred to as a "take or pay provision" (such provision meaning that the gas purchaser agrees to take delivery of a specified minimum volume or quantity of gas over a specified term at a specified price or to make minimum periodic payments to the producer for gas not taken by the purchaser) and the purchaser under such gas purchase contract makes payment to Lessee by virtue of such purchaser's failure to take delivery of such minimum volume or quantity of gas, then Lessor shall be entitled to the Specified Interest of all such sums paid to Lessee or producer under the "pay" provisions of such gas purchase contract. Such royalty payments shall be due and owing to Lessor within sixty (60) days after the receipt of such payments by Lessee. Any royalty payments made to Lessor under the "pay" obligation of any "take or pay" gas contract shall be applied as a credit toward Lessee's minimum royalty obligation. If the gas purchaser "makes up" such gas within the period called for in the gas contract and Lessee is required to give such purchaser a credit for gas previously paid for but not taken, then Lessor shall not be entitled to royalty on such "make up" gas. If Lessee is not producing any quantities of gas from the Land but is receiving payments under the "pay" portion of such "take or pay" gas purchase contract provision, such payments shall not relieve Lessee of the duty to make shut-in royalty payments if Lessee desires to continue this Lease, but such "take or pay" royalty payments shall be applied as a credit against any shut-in royalty obligation of the Lessee. Lessor shall be a third-party beneficiary of any gas purchase contract and/or transportation agreement entered into between Lessee and any purchaser and/or transporter of Lessor's gas, irrespective of any provision of said contracts to the contrary, and such gas purchase contract and/or transportation agreement will expressly so provide. Further, Lessor shall be entitled to the Specified Interest of the value of any benefits obtained by or granted to Lessee from any gas purchaser and/or transporter for the amendment, modification, extension, alteration, consolidation, transfer, cancellation or settlement of any gas purchase contract and/or transportation agreement.

(7) Any payment of royalty or shut-in royalty hereunder paid to Lessor in excess of the amount actually due to the Lessor shall nevertheless become the property of the Lessor if Lessee does not make written request to Lessor for reimbursement within one (1) year from the date that Lessor received the erroneous payment, it being agreed and expressly understood between the parties hereto that Lessor is not the collecting agent for any other royalty owner under the lands covered hereby, and a determination of the name, interest ownership and whereabouts of any person entitled to any payment whatsoever under the terms hereof shall be the sole responsibility of Lessee. It is further expressly agreed and understood that: (i) this provision shall in no way diminish the obligation of Lessee to make full and punctual payments of all amounts due to Lessor or to any other person under the terms and provisions of this Lease, and (ii) any overpayments made to the Lessor under any provision of this Lease shall not be entitled to be offset against future amounts payable to parties hereunder.

(8) The terms of this Lease may not be amended by any division order and the signing of a division order by any mineral owner may not be made a prerequisite to payment of royalty hereunder.

(9) The term "affiliate of Lessee", as used herein, means and includes any person, firm, or corporation that at the time in question is a subsidiary or parent corporation of the Lessee, or any company which has the same parent company as Lessee, or in which Lessee or any affiliate of Lessee owns as much as 25% of any class of the capital stock of Lessee or any affiliate of Lessee.

(10) Lessor shall have the right to audit the accounts and records of Lessee, its successors and assigns, relating to the Land and to its operations under this Lease. Such right may be exercised by Lessor by giving Lessee reasonable notice and such audit shall be conducted only during normal business hours.

(c) If, during the primary term or thereafter, there is located on the Land a well capable of producing gas in commercial quantities, but the gas is not being sold due to awaiting hydraulic fracture or pipeline or lack of market, and this Lease is not being otherwise maintained in force, the Lessee may pay as royalty a sum of money equal to \$2,000 per well per annum for the period commencing on the date the well is shut-in. The first payment will be due not later than ninety (90) days after the date the

well is shut-in, and subsequent payments will be due annually thereafter (if this Lease is not being otherwise maintained in force) on the anniversary date of the period for which the prior payment was made. Upon proper and timely payment of royalty under this paragraph, it will be considered that gas is being produced of paragraph 2 of this Lease. Shut-in royalty may be paid direct to Lessor at the addresses set out above. The Lease may not be maintained in force solely by the payment of shut-in gas royalty for any one period greater than 24 months, or, from time to time for shorter periods, all of which shall not exceed 24 cumulative months.

13. At the expiration of the primary term (and, if this Lease is maintained in effect at the expiration of the primary term), Lessee shall commence a continuous development program on this Lease. Continuous development program is defined herein to mean that not more than 180 days shall elapse between the completion or plugging of one well and the commencement of operations for the drilling of the next well, and upon cessation of such development program, this Lease shall terminate except as to each well capable of producing oil or gas in commercial quantities, together with: (i) 40 acres for each vertically drilled oil well and (ii) 40 acres for each gas well producing from the Barnett Shale formation and 80 acres for each other well; provided if such gas well is drilled as a horizontal drainhole well under Rule 86 of the Railroad Commission of the State of Texas, in which case the acreage assigned to such well shall equal the amount of acreage assigned to the proration unit for such well pursuant to such Rule 86; further, at the time that this Lease terminates in part as provided above, it is understood and agreed that Lessee shall retain only those depths under each such retained unit from the surface to the stratigraphic equivalent of the base of the deepest producing formation from which commercial production of oil or gas is then being obtained from such retained unit. To the extent possible, each such retained proration unit will be in the shape of a square, with the well in the center.

At any time or times that this Lease terminates in part as provided herein, Lessee shall promptly execute and record in the office of the County Clerk in the County where the Lands are located, a proper release of such terminated acreage and depths and shall furnish executed counterparts of each such release to Lessor; provided, however, if Lessee fails within thirty (30) days after date on which this Lease shall partially terminate as provided above to designate the acreage and depths so allocated to each retained proration unit in writing and file same for record in the office of the County Clerk in the County where the Lands are located, together with a release as to the remaining acreage and stratigraphic equivalent of the depths covered by this Lease, then Lessor may give notice to Lessee of such failure, and if Lessee fails to comply within thirty (30) days after such notice, Lessor may at any time thereafter execute and file such a designation of retained proration unit, and this Lease shall terminate as to all lands and depths except those so designated.

As used in this Lease, commencement of "drilling", "drilling operations" or "operations for drilling" shall be the date Lessee commences actual drilling with rotary drilling tools of a suitable size necessary to reach the objected depth. The date of completion of a well shall be as to dry holes the date Lessee releases the drilling rig used to drill such well or the date such rig is moved off of the location, whichever date first occurs, and as to producing wells, the date Lessee has run casing and production casing or tubing and has perforated and/or tested the well.

After partial termination, the Lease on each proration unit held by a producing well shall, for the purpose of determining its maintenance in force by production or operations, be treated as if it were a separate Lease from the Lease covering the proration unit allocable to each other well, so that this Lease shall, thereafter, as to each proration unit, remain in force as to each such proration unit only so long as oil or gas is produced from such proration unit or the Lease is maintained under some of the other provisions of this Lease as to each proration unit, this Lease being treated as if it covered only such proration unit.

Notwithstanding the termination of this Lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this Lease for all purposes described in paragraph 1 hereof, free of cost to Lessee, together with easements and rights-of-way for roads, pipelines, and other facilities on, over and across all the lands described in paragraph 1 hereof, for access to and from the lands still subject to this Lease and for the gathering or transportation of oil and/or gas produced from such lands.

Subsequent to the event of partial termination as to depths, if the deepest formation from which oil and gas is being produced in commercial paying quantities at the event of partial termination ceases to produce oil or gas in commercial quantities, and Lessee obtains production of oil or gas in commercial paying quantities from a formation which is closer to the surface than said deepest



formation that formerly produced, all depths below the depth of the base of such other newly producing formation which is closer to the surface shall be released from this Lease, it being intended that after partial termination, this Lease shall never cover any depths below the depth of the base of the deepest producing formation from which commercial production of oil and gas is then being obtained from a retained unit.

14. Lessee may pool or unitize this Lease according to Paragraph 4 only if (i) all of the leased premises is included in the pooled unit, (ii) the unit well is completed in and producing from the Barnett Shale Formation and or a shallower formation in accordance with paragraph 13 and (iii) the amount of acreage included in the pooled unit equals no more than the minimum amount of acreage assigned to the proration unit for such well.

15. Lessee agrees to furnish Lessor with all reports, title opinions, and information when specifically requested by the Lessor. If permitted by third party licensing agreements with Lessee, in the event Lessee or its designee conducts geophysical operations across the land leased hereunder, Lessee shall deliver to Lessor one sepiia print and one paper print of a description and plat of the area on which Lessee has conducted geophysical operations, and a shot point map. In any case all data furnished to Lessor by Lessee shall be held confidential for the later of five years or Lessee's exclusive use during the term of this lease.

16. Lessee herein shall be solely responsible for full compliance with all rules and regulations of the Railroad Commission of Texas, or any other governmental agency, in all of its operations on the Land and especially including the proper plugging of any well that is to be abandoned on the Land, and does hereby indemnify and agree to hold Lessor harmless against any such rules and regulations. LESSEE SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE INDEMNIFIED PARTIES (AS HEREINAFTER DEFINED) FROM ANY AND ALL LIABILITY, LIENS, DEMANDS, JUDGMENTS, SUITS AND CLAIMS OF ANY KIND OR CHARACTER ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO ANY OPERATION OR ACTIVITY CONDUCTED BY LESSEE, OR ITS AGENTS, CONTRACTORS, EMPLOYEES, LICENSEES OR INVITEES, ON OR UNDER THE LAND, INCLUDING BUT NOT LIMITED TO CLAIMS FOR INJURY OR DEATH OF ANY PERSON OR DAMAGE, LOSS OR DESTRUCTION OF ANY PROPERTY, REAL OR PERSONAL, UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE. LESSEE FURTHER CONVENANTS AND AGREES TO DEFEND ANY SUITS, TOGETHER WITH ALL COSTS AND EXPENSES RELATIVE TO ANY SUCH CLAIMS, INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEY'S FEES. EACH OF THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO PARTICIPATE IN THE DEFENSE OF ANY SUIT OR CLAIM IN WHICH THEY (OR ANY OF THEM) MAY BE A PARTY WITHOUT RELIEVING LESSEE OF ITS OBLIGATIONS HEREUNDER. THE FOREGOING INDEMNITY SHALL APPLY WHETHER OR NOT ARISING OUT OF THE JOINT OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OF LESSOR OR ANY OF THE INDEMNIFIED PARTIES AND SHALL APPLY, WITHOUT LIMITATION, TO ANY RESULT OF ANY THEORY OF STRICT LIABILITY OR ANY OTHER DOCTRINE OF LAW OR EQUITY, PROVIDED THAT THE FOREGOING INDEMNITY SHALL NOT APPLY TO ANY COSTS, EXPENSES, LOSSES OR LIABILITIES INCURRED BY TO THE EXTENT PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISOCNDUCT OF LESSOR. THE FOREGOING INDEMNITY AND ALL OTHER INDEMNITIES OF LESSEE CONTAINED IN THIS LEASE SHALL SURVIVE ANY TERMINATION OF THIS LEASE AND SHALL INURE TO THE BENEFIT OF LESSOR AND EACH OF THE INDEMNIFIED PARTIES. AS USED IN THIS LEASE, THE TERM "INDEMNIFIED PARTIES" REFERS TO LESSOR AND ANY AND ALL EMPLOYEES, AGENTS, TENANTS, INVITEES AND AFFILIATES OF LESSOR. AS USED IN THIS PARAGRAPH, AN "AFFILIATE" OF LESSOR SHALL MEAN ANY PERSON, FIRM, OR CORPORATION THAT AT THE TIME IN QUESTION IS A SUBSIDIARY OR PARENT CORPORATION OF LESSOR, OR ANY COMPANY WHICH HAS THE SAME PARENT COMPANY AS LESSOR, OR IN WHICH LESSOR OR ANY AFFILIATE OF LESSOR OWNS AS MUCH AS 25% OF ANY CLASS OF THE CAPITAL STOCK OF LESSOR OR ANY AFFILIATE OF LESSOR.

17. None of the provisions of Paragraph 10 of this Lease shall ever be or become effective and applicable unless Lessee shall, within a reasonable tome (not to exceed sixty (60) day in any event) after occurrence of the claimed event above referred to, notify the Lessor, in writing, of such occurrence with full particulars thereof.

18. Lessee hereby warrants and agrees to defend the title to the Land, but only as against the



lawful claims and demands of all parties claiming by, through and under Lessor, but not otherwise.

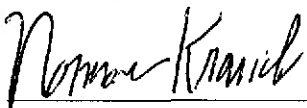
19. Lessor hereby retains a security interest in the Specified Interest of Lessor's portion of (a) oil and gas produced and saved from the Land or lands previously pooled therewith, under and pursuant to this Lease, and (b) proceeds of sale of such oil and gas and all accounts arising therefrom (the "Collateral"), to secure Lessee's payment of royalties and compliance with the other terms and provisions of this Lease. In addition to any other remedies provided in this Lease, Lessor, as a secured party, may in the event of Lessee's default hereunder, proceed under the Texas Uniform Commercial Code as to the Collateral, in any manner permitted by said Code. In the event of default by Lessee, Lessor shall have the right to take possession of the Collateral, and to receive the proceeds attributable thereto and to hold same as security for Lessee's obligations or to apply it on the amounts owing to Lessor hereunder. The Collateral includes mineral to be financed at the wellhead of the wells and accounts from the sale thereof, and this Lease shall be deemed a financing statement under the Code. The addresses of Lessor, as Secured Party, and Lessee, as Debtor, are as set forth at the beginning of this Lease.

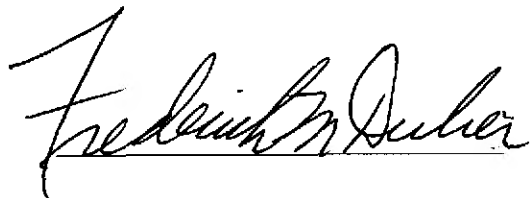
20. To the extent such knowledge and information is available and material to Lessee so that it would act on its own behalf, Lessee agrees to give notice to Lessor of the need, if any, to bring a claim or lawsuit against a third party who is draining, damaging, overproducing, unlawfully depleting, or otherwise damaging any reservoir underlying the Land, in a timely fashion so that Lessor may assert Lessor's own claim or lawsuit in a court of appropriate jurisdiction, or before a regulatory agency. Lessee shall give such notice to Lessor with ninety (90) days of the date that Lessee becomes aware of the need to assert such claim or lawsuit. In this regard, Lessee acknowledges that Lessee is in a superior position to Lessor with respect to information regarding the geology, operations, production and sale of oil and gas and constituent hydrocarbons from the Land and lands adjacent, contiguous or in the vicinity of the Land and particularly with respect to reservoirs not on the Land which may be productive of oil, gas or other hydrocarbons and which underlay the Land. Nothing therein shall preclude Lessor from bringing Lessor's own action but if Lessor does not receive the notice from Lessee as set forth herein, at Lessor's option, Lessee shall always be deemed to be representing Lessor's royalty share and shall pay same to the Lessor from recoveries or payments to Lessor by virtue or on account of the foregoing.

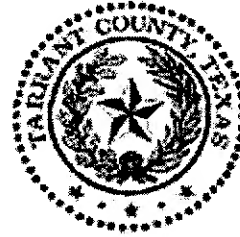
21. Lessee, as further consideration for this Lease, agrees and commits to commence within two (2) years from the date hereof, the drilling of a well on lands pooled therewith, to a sufficient depth to test the Barnett Shale formation. Lessee shall thereafter continue the drilling of said well to completion as a producer of oil or gas, or to abandonment as a dry hole. In the event that Lessee breaches this drilling commitment, this Lease shall automatically terminate, and the primary term hereof shall be deemed to have terminated for all purposes of this Lease.

22. Notwithstanding anything set forth in this Lease to the contrary, Lessee does not hereby acquire, nor does Lessor grant or convey any access rights whatsoever to the surface of the leased premises and Lessee shall not conduct any operations on or construct any structure of any type or nature on the surface of the leased premises, nor shall Lessee use any roads located within the exterior boundaries of the leased premises for any purpose whatsoever. Lessee shall have the right under this Lease: (i) to explore the subsurface of the leased premises, and (ii) to drill, or otherwise operate, under, and produce from, any portions of the subsurface of the leased premises as to which the Lease remains in force from wells located on the surface locations off the leased premises, so long as such subsurface operations are conducted at a subsurface depth which is deeper than 1500 feet subsurface and otherwise comply with all of the terms of the Lease.

Signed for Identification







DALE RESOURCES
3000 ALTAMESA BLVD, STE 300

FT WORTH TX 76133

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 07/31/2009 09:56 AM

Instrument #: D209203679

LSE 9 PGS

\$44.00

By: _____



D209203679

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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